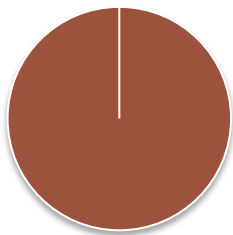




## Sector Breakdown

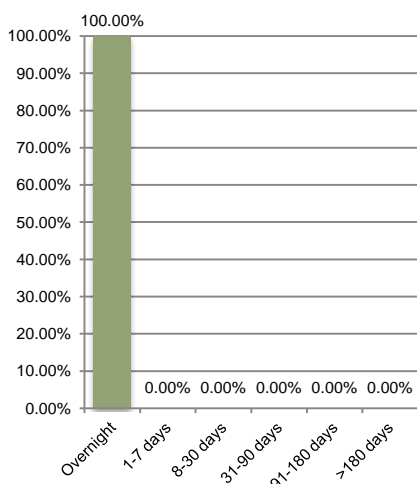
■ Cash : 100.00%



## Moody's Breakdown

US Government Liquidity Fund is 100% invested in cash, therefore Moody's breakdown is not applicable.

## Maturity Distribution



## PORTFOLIO MANAGER

Northern Trust Global Investments has a team approach to portfolio management to ensure consistency of coverage and performance. The US Government Liquidity Fund is managed in London by the Liquidity Management team which is led by David Blake.

## PORTFOLIO MANAGER COMMENTARY

U.S. economic data was modestly upbeat during December. Nonfarm payroll data was strong, with employers adding 120K jobs in November, and led the unemployment rate to drop sharply to 8.6% also in part due to a decline in the labour participation rate. Indicators of business activity picked up, pointing to an economy modestly expanding albeit at a slower pace; the ISM Manufacturing rose to 52.7, and the ISM Non-manufacturing slipped to 52.0 from 52.9. At the same time, inflationary pressures appeared to be under control with headline CPI inflation easing to 3.4% Y-o-Y.

Recent Federal Reserve rhetoric acknowledged improvements in the economic backdrop, although fragile global financial market conditions are expected to justify an accommodative policy stance to promote a more sustainable recovery. Whilst concerns in Europe continue to be at the forefront, there were some positive developments related to this, in particular the ECB's announcement to offer bank loans for three years at 1% which should ease bank funding pressures in the near term. In light of this, US Treasury bond yields did not move significantly over the month. However, pressures in the banking sector remained elevated overshadowed by weak conditions in Europe, which led USD LIBOR rates to continue their trend higher.

## PORTFOLIO OUTLOOK

As financial markets remained fragile, also exacerbated by the slowing of activity into the year-end holiday period, our investment strategy was focused on maintaining a high level of overnight liquidity and a lower risk profile. In line with this the portfolio duration declined. We continue to maintain a bias to stronger macro-economic regions due to a preference for securities with greater liquidity and to also manage headline risks in a challenging environment.

## For More Information

Please visit [www.northerntrust.com/pooledfunds](http://www.northerntrust.com/pooledfunds) or please contact your local Northern Trust Global Investments representative using the information below.

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